

CONTRACT #3
RFS # 317.86-036
FA # 07-17160-00

Finance & Administration
Benefits Administration

VENDOR:
Healthways HealthTrends, Inc.,
d.b.a.
Harris HealthTrends



RECEIVED

SEP 09 2009

STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF BENEFITS ADMINISTRATION
William R. Snodgrass Tennessee Tower
312 Rosa L Parks Avenue, Suite 2600
Nashville, Tennessee 37243

FISCAL REVIEW

Dave Goetz
COMMISSIONER

Phone: 615.741.4517
Fax: 615.253.8556

Laurie Lee
EXECUTIVE DIRECTOR

MEMORANDUM

To: James White, Executive Director, Fiscal Review Committee

From: Brian Haile, Deputy Executive Director, Benefits Administration

Date: September 9, 2009

RE: Amendment # 3 to the Healthways HealthTrends, Inc. Contract. Edison
Contract number 6893 (previously FA-07-17160-00)

Please find attached a Non-Competitive Amendment request to the existing contract with Healthways HealthTrends, Inc., which has been signed by Commissioner Goetz.

The modification to the contract through this amendment extends the contract with Healthways HealthTrends, Inc., to provide continuation of the State's wellness program through December 31, 2010, including registration for and health screenings, online health risk assessments, wellness coaching (high risk intervention) and program analysis. The Contractor and the State negotiated a three percent (3%) rate increase for the contract extension period (excluding the online web based Health Risk Assessment rate which remained the same as the calendar year 2009 rate). The base contract for Healthways HealthTrends, Inc. is included for review as is the proposed amendment to the document.

Thank you for your consideration of this request to amend this contract with a start date for the amendment of December 1, 2009.

Supplemental Documentation Required for Fiscal Review Committee

*Contact Name:	Marlene Alvarez	*Contact Phone:	615.253.8358		
*Contract Number:	Edison ID# 6893 (formerly 2043 or FA-07-17160)	*RFS Number:	317.86-036		
*Original Contract Begin Date:	01.01.2007	*Current End Date:	12.31.2009		
Current Request Amendment Number: <i>(if applicable)</i>		3			
Proposed Amendment Effective Date: <i>(if applicable)</i>		12.01.2009			
*Department Submitting:		Finance & Administration			
*Division:		Benefits Administration			
*Date Submitted:		September 9, 2009			
*Submitted Within Sixty (60) days:		Yes			
<i>If not, explain:</i>					
*Contract Vendor Name:		Healthways Health Trends, Inc.			
*Current Maximum Liability:		\$1,500,000.00			
*Current Contract Allocation by Fiscal Year: (as Shown on Most Current Contract Summary Sheet)					
FY: 2007	FY: 2008	FY: 2009	FY: 2010	FY:	FY:
\$250,000.00	\$500,000.00	\$500,000.00	\$250,000.00		
*Current Total Expenditures by Fiscal Year of Contract: (attach backup documentation from STARS or FDAS report)					
FY: 2007	FY: 2008	FY: 2009	FY: YTD 2010	FY:	FY:
\$112,785.95	\$249,320.09	\$250,487.13	\$28,797.62		\$
<p>IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:</p>			<p>Contract Per Member Per Month (PMPM) expenditures are based on estimates of annual plan member participation for the term of the contract. Actual member participation may vary from the original estimates during the term of each contract, and therefore funding needs may vary. Monthly funding of contract expenditures is obtained, on an as needed basis, from the State Active Employee Fund, Fund 55000. Plan fund revenues are obtained primarily from employer and employee premiums, which are annually set by the committees, and utilized for paying all health plan fund expenses (claims, and administrative expenses, etc.), and can only be utilized for that purpose.</p>		
<p>IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:</p>			<p>Under TCA –Title 8: Chapter 27-102 (a), 301 (b), and 207 (d) the State, Local Education and Local Government insurance committees have the</p>		

Supplemental Documentation Required for Fiscal Review Committee

	<p>authority to enter into contracts with insurance companies, claims administrators, and other organizations for some or all of the insurance benefits or services, including actuarial and consulting advice for the purpose of administering the state sponsored basic health plans. Monthly funding of contract expenditures are obtained, on an as needed basis, from the State Active Employee Fund 55000. By approving the one year contract extensions, the insurance committees have authorized the payment of expenses from the funds for the additional one year extension. The present estimated maximum liability of the contract is changed based on the estimate of the additional one year expenses due to the contract extension. These contracts are in allotment code 317.86 that is an off-line code and does not submit carry-forward letters. The insurance funds are billed each month and they each carry a fund balance which can be found on the Comprehensive Annual Financial Report (CAFR).</p>										
<p>IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:</p>	<p>Not applicable</p>										
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;">*Contract Funding Source/Amount:</td> <td style="width: 25%;">State:</td> <td style="width: 25%;">Federal:</td> <td style="width: 25%;"></td> </tr> <tr> <td>Interdepartmental:</td> <td>\$1,500,000.00</td> <td>Other:</td> <td></td> </tr> </table>	*Contract Funding Source/Amount:	State:	Federal:		Interdepartmental:	\$1,500,000.00	Other:				
*Contract Funding Source/Amount:	State:	Federal:									
Interdepartmental:	\$1,500,000.00	Other:									
<p>If "other" please define:</p>											
<p>Dates of All Previous Amendments or Revisions: <i>(if applicable)</i></p>		<p>Brief Description of Actions in Previous Amendments or Revisions: <i>(if applicable)</i></p>									
<p>March 2009 – Amendment 2</p>		<p>The amendment to the Employee Wellness/Health promotion program adds the required Prohibition of Illegal Immigrants section & Attachment, adds the VBP section, updates the Contractor's name, and updates the Contractor's FEIN,</p>									
<p>October 2007 – Amendment 1</p>		<p>This amendment reduces the cost to the State of the on line web based health risk assessment (HRA) and feed back at the State's option.</p>									
<p>Method of Original Award: <i>(if applicable)</i></p>		<p>RFP</p>									
<p>Include a detailed breakdown of the actual expenditures anticipated in each year of the contract. Include specific line items, source of funding, and disposition of any excess fund. <i>(if applicable)</i></p>		<p>See attached – "Healthways HealthTrends Expenditures"</p>									
<p>Include a detailed breakdown, in dollars, of any savings that the department anticipates will result from this contract. Include, at a minimum, reduction in positions, reduction in equipment costs, reduction in travel. <i>(if applicable)</i></p>		<p>No specific dollar amount of savings is anticipated as a result from this contract amendment.</p>									

Supplemental Documentation Required for
Fiscal Review Committee

Include a detailed analysis, in dollars, of the cost of obtaining this service through the proposed contract as compared to other options. *(if applicable)*

This contract is in the third year of the term of the contract. Expenditures to date are included and projections at time anticipate expenditures of \$250,000 per fiscal year.

Healthways Health Trends Inc.

STARS Contract # FA0717160

Edison Contract # 2043

Edison Contract # 6893

Payments through July 20, 2009

Fiscal Year	Expenditures
2007	112,785.95
2008	249,320.09
2009	250,487.13
YTD 2010	<u>28,797.62</u>
Total	641,390.79

NON-COMPETITIVE AMENDMENT REQUEST:

APPROVED

RECEIVED

SEP 09 2009

Commissioner of Finance & Administration

FISCAL REVIEW

1) RFS #	31786 - 00007 (previously 317.86-036)	
2) Procuring Agency :	Finance and Administration	
EXISTING CONTRACT INFORMATION		
3) Service Caption :	Employee Wellness & Health Promotion program	
4) Contractor :	Healthways HealthTrends, Inc.	
5) Contract #	Edison ID # 6893 (previously FA-07-17160-00)	
6) Contract Start Date :	January 1, 2007	
7) CURRENT Contract End Date : (if ALL options to extend the contract are exercised)	December 31, 2009	
8) CURRENT Maximum Cost : (if ALL options to extend the contract are exercised)	\$1,500,000	
PROPOSED AMENDMENT INFORMATION		
9) Amendment #	# 3	
10) Amendment Effective Date : (attached explanation required if < 60 days after F&A receipt)	December 1, 2009	
11) PROPOSED Contract End Date : (if ALL options to extend the contract are exercised)	December 31, 2010	
12) PROPOSED Maximum Cost : (if ALL options to extend the contract are exercised)	\$1,500,000	
13) Approval Criteria : (select one)	<input checked="" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service	
14) Description of the Proposed Amendment Effects & Any Additional Service :		
The contractor and the state negotiated a three percent (3%) rate increase for the contract extension period (excluding the online web based Health Risk Assessment rate which remained the same as the calendar year 2009 rate).		
15) Explanation of Need for the Proposed Amendment :		
Continuation of the wellness program into the calendar year 2010, including registration for and health screenings, online health risk assessments, wellness coaching (high risk intervention) and program analysis.		
16) Name & Address of Contractor's Current Principal Owner(s) : (not required for a TN state education institution)		
Healthways HealthTrends, Inc., 6629 West Central Avenue, Toledo, Ohio, 43617		
17) Office for Information Resources Endorsement : (required for information technology service; n/a to THDA)		
Documentation is ... <input checked="" type="checkbox"/> Not Applicable to this Request <input type="checkbox"/> Attached to this Request		
18) eHealth Initiative Endorsement : (required for health-related professional, pharmaceutical, laboratory, or imaging service)		

Documentation is ... ☒ Not Applicable to this Request ☐ Attached to this Request

19) Department of Human Resources Endorsement : (required for state employees training service)

Documentation is ... ☒ Not Applicable to this Request ☐ Attached to this Request

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

Benefits Administration did not attempt to secure the services from another vendor, but are exercising the term extension clause contained in Contract Section B.2. and negotiated rates favorable to the State and the Contractor for a one year extension.

21) Justification for the Proposed Non-Competitive Amendment :

This vendor has provided excellent service, therefore, Benefits Administration decided to negotiate rates for the extension period. The wellness program is part of the overall plan redesign for implementation in January of 2011 and this contract is planned to be let for bid in calendar year 2010.

AGENCY HEAD SIGNATURE & DATE :

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)

SIGNATURE & DATE



9/8/09



CONTRACT AMENDMENT

Agency Tracking # 31786-0007 (formerly 317.86-036)	Edison ID 6893 (formerly 2043)	Contract # FA-07-17160-00	Amendment # 3
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Contractor Healthways HealthTrends, LLC.	Contractor Federal Employer Identification or Social Security # <input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 62-1216689
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Amendment Purpose/ Effects

The contractor and the state negotiated a three percent (3%) rate increase for the contract extension period (excluding the online web based Health Risk Assessment rate which remained the same as in the calendar year 2009 rate).

Contract Begin Date January 1, 2007	Contract End Date December 31, 2010	Subrecipient or Vendor <input type="checkbox"/> Subrecipient <input checked="" type="checkbox"/> Vendor	CFDA #(s)
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FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2007			\$250,000.00		\$250,000.00
2008			\$500,000.00		\$500,000.00
2009			\$500,000.00		\$500,000.00
2010			\$175,000.00		\$175,000.00
2011			\$75,000.00		\$75,000.00
TOTAL:			\$1,500,000.00		\$1,500,000.00

American Recovery and Reinvestment Act (ARRA) Funding – ☐ YES ☒ NO

— COMPLETE FOR AMENDMENTS —			Agency Contact & Telephone # Marlene Alvarez- Manager of Procurement & Contracting Tennessee Department of Finance & Administration, Benefits Administration 312 Rosa L. Parks Avenue, Suite 2600 Nashville, Tennessee 37243 615.253.8358	
END DATE AMENDED?				
	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO		Agency Budget Officer Approval (there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred)	
FY	Base Contract & Prior Amendments	THIS Amendment ONLY		
2007	\$250,000.00	\$0.00		
2008	\$500,000.00	\$0.00		
2009	\$500,000.00	\$0.00		
2010	\$250,000.00	(\$75,000.00)	Speed Code IA00000120	
2011	\$0.00	\$75,000.00		
TOTAL:	\$1,500,000.00	\$0.00	Account Code 78902000	

— OCR USE —

Procurement Process Summary (non-competitive, FA- or ED-type only)

The original contract (FA-07-17160-00) was procured through the RFP process.

**AMENDMENT THREE
TO CONTRACT NUMBER FA-07-17160-00 (Edison # 6893)**

This Contract Amendment is made and entered by and between the State of Tennessee, Department of Finance and Administration, hereinafter referred to as the "State", and Healthways HealthTrends, LLC hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject Contract is hereby amended as follows:

1. The text of Contract Section B.1. is deleted in its entirety and replaced with the following:

B.1. Contract Term. This Contract shall be effective for the period commencing on January 1, 2007 and ending on December 31, 2010. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

2. The text of Contract Section C.3. is deleted in its entirety and replaced with the following:

C.3. Payment Methodology. The Contractor shall be compensated based on the payment rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1.

- a. The Contractor's compensation shall be contingent upon the satisfactory completion of units, milestones, or increments of service defined in Section A.
- b. The Contractor shall be compensated for said units, milestones, or increments of service based upon the following payment rates:

- (1) For service performed from January 1, 2007, through December 31, 2010, the following rates shall apply:

SERVICE	2007 CY rate	2008 CY rate	2009 CY rate	2010 CY rate
A. Health Risk Assessments (HRA):				
Option 1: <ul style="list-style-type: none"> On Line Web Based Health Risk Assessment (HRA) and Feed Back at State's option (See Note). Employee only 	Total Annual \$32,625.00	Total Annual \$30,634.00	Total Annual \$29,564.00	Total Annual \$29,564.00
Option 2 <ul style="list-style-type: none"> Home mailed HRA (2-3 weeks prior to the screening date) Contractor to complete biometric measures at the screening Comprehensive home mailed HRA results packet 	\$9.00 per employee participant*	\$9.00 per employee participant*	\$9.00 per employee participant*	\$9.31 per employee participant*
Option 3: Home mail which include: <ul style="list-style-type: none"> Home mailed HRA with self reported Biometrics Prepaid mailing envelope for HRA to be returned to the Contractor Home mailed HRA results packet 	\$10.75 per employee participant*	\$10.75 per employee participant*	\$10.75 per employee participant*	\$11.13 per employee participant*

SERVICE	2007 CY rate	2008 CY rate	2009 CY rate	2010 CY rate
B. On Site Screenings:				
Option 1: Onsite Screenings which include: <ul style="list-style-type: none"> Pre-registration, and appointment confirmation Biometric measures with Cholestek finger stick Hard copy feedback (counseling) for Biometric measures (PSA measures home-mailed). 	\$69.37 per employee participant*	\$69.37 per employee participant*	\$69.37 per employee participant*	\$71.80 per employee participant*
Option 2: Onsite Screenings which include: <ul style="list-style-type: none"> Pre-registration, and appointment confirmation Biometric measures with venipuncture Hard copy feedback (counseling) for biometric measure 	\$67.39 per employee participant*	\$67.39 per employee participant*	\$67.39 per employee participant*	\$69.75 per employee participant*

C. High Risk Intervention:				
Telephonic <ul style="list-style-type: none"> To include invitation to the program A minimum of 6 intervention calls 	\$110.50 per employee participant*	\$110.50 per employee participant*	\$110.50 per employee participant*	\$114.37 per employee participant*
Targeted Mailing <ul style="list-style-type: none"> To provide health information on a relevant risk factor with an invitation to contact the toll free number for additional information. 	\$5.70 per employee participant*	\$5.70 per employee participant*	\$5.70 per employee participant*	\$5.90 per employee participant*
D. Toll Free Telephone Access: <ul style="list-style-type: none"> To provide employees and participants with consultation/intervention/and screening registration 	\$0.04 per employee**/ month	\$0.04 per employee**/ month	\$0.04 per employee**/ month	\$0.04 per employee**/ month
E. Program Management and Administration	\$0.00 per employee**/ month	\$0.00 per employee**/ month	\$0.00 per employee**/ month	\$0.00 per employee**/ month
F. Optional Procedures: <ul style="list-style-type: none"> PSA Test – paid by participant 	\$22.00 (venipuncture); \$23.00 (fingerstick) per employee participant*	\$22.00 (venipuncture); \$23.00 (fingerstick) per employee participant*	\$22.00 (venipuncture); \$23.00 (fingerstick) per employee participant*	\$22.77 (venipuncture); \$23.00 (fingerstick) per employee participant*

SERVICE	2007 CY rate	2008 CY rate	2009 CY rate	2010 CY rate
• Osteoporosis (bone density test)- paid by participant	\$30.00 per employee participant*	\$30.00 per employee participant*	\$30.00 per employee participant*	\$30.00 per employee participant*

* *Employee Participant* refers to an insurance-eligible State employee who voluntarily participates in one of the services delivered through the program (as listed above).

** *Eligible Employee (employee)* refers to an insurance-eligible State employee, who: 1) is regularly scheduled to work not less than thirty (30) hours per week; or 2) is a seasonal or part-time employee with 24 months of service, and is certified by an appointing authority to work at least 1,450 hours per fiscal year.

NOTE: The Contractor agrees that spouses of employees shall be eligible for participation in any of the three options for Item A above (Health Risk Assessments). The Contractor further agrees that it will NOT invoice the State for spousal participation, but will charge the spouse directly, by whatever means it deems appropriate, the same amount it would charge to the State for such service (as detailed above). Spouses are not eligible to participate in High Risk Interventions. Dependents of employees, other than spouses, are not eligible for participation in HRA screenings and High Risk Interventions.

During contract negotiations with the successful vendor, or after the contract has been executed, the State may choose not to implement those services defined under Section A.1.5 Internet-based Health Risk Assessment (HRA) of the Pro forma Contract as part of the State Wellness Health Promotion Program.

The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for completed units of service or project milestones for the amount stipulated.

- (2) For service performed from January 1, 2011, through December 31, 2011, the Contractor shall be compensated based upon the payment rates in Section C.3.b.(1) above but adjusted by the percentage increase, if any, between the Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, ALL ITEMS expenditure category, not seasonally adjusted, index base period: 1982-84=100) published by the United States Department of Labor, Bureau of Labor Statistics in December 2010 and that figure published in the same month, 12-months prior, up to a maximum of three and one-half percent (3.5%).

The revisions set forth herein shall be effective December 1, 2009. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF:

HEALTHWAYS HEALTHTRENDS, LLC

CONTRACTOR SIGNATURE

DATE

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. GOETZ, JR., COMMISSIONER

DATE



CONTRACT AMENDMENT

Agency Tracking #**31786-00007** (formerly 317.86-036)**Edison ID****6893 (formerly 2043)****Amendment #****2****Contractor**

Healthways HealthTrends, LLC

Contractor Federal Employer Identification or Social Security #☐ C- or ☒ V- 62 - 1216689**Amendment Purpose/ Effects**

The amendment to the Employee Wellness/Health promotion program adds the required Prohibition of Illegal Immigrants section & Attachment, adds the VBP section, updates the Contractor's name, and updates the Contractor's FEIN.

Contract Begin Date

January 1, 2007

Contract End Date

December 31, 2009

Subrecipient or Vendor☐ Subrecipient ☒ Vendor**CFDA #(s)**

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2007			\$250,000.00		\$250,000.00
2008			\$500,000.00		\$500,000.00
2009			\$500,000.00		\$500,000.00
2010			\$250,000.00		\$250,000.00
TOTAL:			\$1,500,000.00		\$1,500,000.00

— COMPLETE FOR AMENDMENTS —**END DATE AMENDED?**☐ YES ☒ NO

FY	Base Contract & Prior Amendments	THIS Amendment ONLY
2007	\$250,000.00	\$0.00
2008	\$500,000.00	\$0.00
2009	\$500,000.00	\$0.00
2010	\$250,000.00	\$0.00
TOTAL:	\$1,500,000.00	\$0.00

Agency Contact & Telephone #

Marlene Alvarez – Procurement & Contracting Manager
312 Rosa L Parks Avenue, Suite 2600
Nashville, Tennessee 37243
615.253.8358

Agency Budget Officer Approval (there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred)

Speed Code

IA00000120

Account Code

78902000

— OCR USE —
F&A Secured Document

6893-FA0717160-02

Procurement Process Summary (non-competitive, FA- or ED-type only)

The original contract (FA-07-17160-00) was procured through the RFP process.

AMENDMENT TWO TO CONTRACT ID 2043

This Contract Amendment is made and entered by and between the State of Tennessee, Department of Finance and Administration, hereinafter referred to as the "State" and Healthways HealthTrends, Inc., d.b.a. Harris HealthTrends, hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject Contract is hereby amended as follows:

1. The following provision is added as Contract Section D.20.:

- D.20. Prohibition of Illegal Immigrants. The requirements of Public Acts of 2006, Chapter Number 878, of the state of Tennessee, addressing the use of illegal immigrants in the performance of any Contract to supply goods or services to the state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.
- a. The Contractor hereby attests, certifies, warrants, and assures that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Attachment A, hereto, semi-annually during the period of this Contract. Such attestations shall be maintained by the Contractor and made available to state officials upon request.
 - b. Prior to the use of any subcontractor in the performance of this Contract, and semi-annually thereafter, during the period of this Contract, the Contractor shall obtain and retain a current, written attestation that the subcontractor shall not knowingly utilize the services of an illegal immigrant to perform work relative to this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant to perform work relative to this Contract. Attestations obtained from such subcontractors shall be maintained by the Contractor and made available to state officials upon request.
 - c. The Contractor shall maintain records for all personnel used in the performance of this Contract. Said records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.
 - d. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of Public Chapter 878 of 2006 for acts or omissions occurring after its effective date. This law requires the Commissioner of Finance and Administration to prohibit a contractor from contracting with, or submitting an offer, proposal, or bid to contract with the State of Tennessee to supply goods or services for a period of one year after a contractor is discovered to have knowingly used the services of illegal immigrants during the performance of this Contract.
 - e. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not either a United States citizen, a Lawful Permanent Resident, or a person whose physical presence in the United States is authorized or allowed by the federal Department of Homeland Security and who, under federal immigration laws and/or regulations, is authorized to be employed in the U.S. or is otherwise authorized to provide services under the Contract.

2. The following provision is added as Contract Section E.11.:

- E.11. Voluntary Buyout Program. The Contractor acknowledges and understands that, for a period of two years beginning August 16, 2008, restrictions are imposed on former state employees who received a State of Tennessee Voluntary Buyout Program (VBP) severance payment with regard to contracts with state agencies that participated in the VBP.

- a. The State will not contract with either a former state employee who received a VBP severance payment or an entity in which a former state employee who received a VBP severance payment or the spouse of such an individual holds a controlling financial interest.
 - b. The State may contract with an entity with which a former state employee who received a VBP severance payment is an employee or an independent contractor. Notwithstanding the foregoing, the Contractor understands and agrees that there may be unique business circumstances under which a return to work by a former state employee who received a VBP severance payment as an employee or an independent contractor of a State contractor would not be appropriate, and in such cases the State may refuse Contractor personnel. Inasmuch, it shall be the responsibility of the State to review Contractor personnel to identify any such issues.
 - c. With reference to either subsection a. or b. above, a contractor may submit a written request for a waiver of the VBP restrictions regarding a former state employee and a contract with a state agency that participated in the VBP. Any such request must be submitted to the State in the form of the *VBP Contracting Restriction Waiver Request* format available from the State and the Internet at: www.state.tn.us/finance/rds/ocr/waiver.html. The determination on such a request shall be at the sole discretion of the head of the state agency that is a Party to this Contract, the Commissioner of Finance and Administration, and the Commissioner of Human Resources.
3. The following is added as Contract Section E.12.:
 - E.12. Contractor Name. All references to "Healthways HealthTrends, Inc., d.b.a. Harris HealthTrends" shall be deleted and replaced with "Healthways HealthTrends, LLC."
 4. The following is added as Contract Section E.13.:
 - E.13. Federal Employer Identification Number. All references to FEIN, "34-1561851" shall be deleted and replaced with FEIN, "62-1216689."
 5. Contract Attachment A attached hereto is added as a new Contract Attachment.

The revisions set forth herein shall be effective April 1, 2009. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

HEALTHWAYS HEALTHTRENDS, LLC:

CONTRACTOR SIGNATURE

DATE

John H. Harris III Chief Wellness Officer; Senior Vice President
 PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

DEPARTMENT OF FINANCE & ADMINISTRATION:

M.D. GOETZ, JR., COMMISSIONER

DATE

APPROVED:

COMMISSIONER OF FINANCE & ADMINISTRATION

DATE

COMPTROLLER OF THE TREASURY

DATE

ATTACHMENT A

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	FA-07-17160-00 (Edison Contract ID# 2043)
CONTRACTOR LEGAL ENTITY NAME:	Healthways HealthTrends, LLC
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	62-1216689

The Contractor, identified above, does hereby attest, certify, warrant, and assure that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract.



CONTRACTOR SIGNATURE

NOTICE: This attestation MUST be signed by an individual empowered to contractually bind the Contractor. If said individual is not the chief executive or president, this document shall attach evidence showing the individual's authority to contractually bind the Contractor.

John H. Harris III Chief Wellness Officer; Senior Vice President

PRINTED NAME AND TITLE OF SIGNATORY

3-29-09

DATE OF ATTESTATION

NEW 317.86-00007 CONTRACT SUMMARY SHEET Ed: K# 2043

RFS.#	317.86-036	Contract #	FA-07-17160-01
State Agency	Finance & Administration	State Agency Division	Insurance Administration
Contractor Name	Healthways HealthTrends, Inc.	Contractor ID # (FEIN or SSN)	34-1561851
Service Description		Employee Wellness/Health Promotion program	

Employee Wellness/Health Promotion program

Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
Jan. 1, 2007	Dec. 31, 2009	Vendor	

Mark, if Statement is TRUE

<input checked="" type="checkbox"/> Contractor is on STARS as required	<input checked="" type="checkbox"/> Contractor's Form W-9 is on file in Accounts as required
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Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
317.86	84	892	55		

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2007		250,000			250,000
2008		500,000			500,000
2009		500,000			500,000
2010		250,000			250,000
TOTAL		\$1,500,000			\$1,500,000

COMPLETE FOR AMENDMENTS ONLY		
FY	Base Contract & Prior Amendments	THIS Amendment ONLY
FY: 2007	\$250,000	
FY: 2008	500,000	
FY: 2009	500,000	
FY: 2010	250,000	
TOTAL	\$1,500,000	\$250,000
End Date:	Dec. 31, 2009	Dec. 31, 2009

State Agency Fiscal Contact & Telephone #

John Anderson, Insurance Administration
 13th Floor, Tennessee Tower
 615-741-8642

State Agency Budget Officer Approval

[Signature]

Funding Certification (certification required by T.C.A. § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)

RECEIVED
OCT 29 AM 11:11
FACILITY
OFFICE
ADMINISTRATION

Contractor Ownership

<input type="checkbox"/> African American	<input type="checkbox"/> Disabled	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business	<input checked="" type="checkbox"/> NOT minority/disadvantaged
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input type="checkbox"/> OTHER minority/disadvantaged	

Contractor Selection Method

<input checked="" type="checkbox"/> RFP	<input type="checkbox"/> Competitive Negotiation	<input type="checkbox"/> Alternative Competitive Method
<input type="checkbox"/> Non-Competitive Negotiation	<input type="checkbox"/> Government	<input type="checkbox"/> Other

Procurement Process Summary

[Handwritten notes and stamps]

**AMENDMENT ONE
TO CONTRACT NUMBER FA-07-17160-00**

This Contract Amendment is made and entered by and between the State of Tennessee, Department of Finance and Administration, hereinafter referred to as the "State", and Healthways HealthTrends, Inc., d.b.a. Harris HealthTrends, hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject Contract is hereby amended as follows:

1. The text of Contract Section C.3. is deleted in its entirety and replaced with the following:

C.3. Payment Methodology. The Contractor shall be compensated based on the payment rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1.

- a. The Contractor's compensation shall be contingent upon the satisfactory completion of units, milestones, or increments of service defined in Section A.
- b. The Contractor shall be compensated for said units, milestones, or increments of service based upon the following payment rates:

- (1) For service performed from January 1, 2007, through December 31, 2009, the following rates shall apply:

SERVICE	2007 CY rate	2008 CY rate	2009 CY rate
A. Health Risk Assessments (HRA):			
Option 1: <ul style="list-style-type: none"> On Line Web Based Health Risk Assessment (HRA) and Feed Back at State's option (See Note). Employee only 	Total Annual \$32,625.00	Total Annual \$30,634.00	Total Annual \$29,564.00
Option 2 <ul style="list-style-type: none"> Home mailed HRA (2-3 weeks prior to the screening date) Contractor to complete biometric measures at the screening Comprehensive home mailed HRA results packet 	\$9.00 per employee participant*	\$9.00 per employee participant*	\$9.00 per employee participant*
Option 3: Home mail which include: <ul style="list-style-type: none"> Home mailed HRA with self reported Biometrics Prepaid mailing envelope for HRA to be returned to the Contractor Home mailed HRA results packet 	\$10.75 per employee participant*	\$10.75 per employee participant*	\$10.75 per employee participant*
B. On Site Screenings:			
Option 1: Onsite Screenings which include: <ul style="list-style-type: none"> Pre-registration, and appointment confirmation Biometric measures with Cholestek finger stick Hard copy feedback (counseling) for Biometric measures (PSA measures home-mailed). 	\$69.37 per employee participant*	\$69.37 per employee participant*	\$69.37 per employee participant*
Option 2: Onsite Screenings which include: <ul style="list-style-type: none"> Pre-registration, and appointment confirmation Biometric measures with venipuncture Hard copy feedback (counseling) for biometric measure 	\$67.39 per employee participant*	\$67.39 per employee participant*	\$67.39 per employee participant*

SERVICE	2007 CY rate	2008 CY rate	2009 CY rate
C. High Risk Intervention:			
Telephonic • To include invitation to the program • A minimum of 6 intervention calls	\$110.50 per employee participant*	\$110.50 per employee participant*	\$110.50 per employee participant*
Targeted Mailing • To provide health information on a relevant risk factor with an invitation to contact the toll free number for additional information.	\$5.70 per employee participant*	\$5.70 per employee participant*	\$5.70 per employee participant*
D. Toll Free Telephone Access: • To provide employees and participants with consultation/intervention/and screening registration	\$0.04 per employee**/ month	\$0.04 per employee**/ month	\$0.04 per employee**/ month
E. Program Management and Administration	\$0.00 per employee**/ month	\$0.00 per employee**/ month	\$0.00 per employee**/ month
F. Optional Procedures: • PSA Test – paid by participant	\$22.00 (venipuncture); \$23.00 (fingerstick) per employee participant*	\$22.00 (venipuncture); \$23.00 (fingerstick) per employee participant*	\$22.00 (venipuncture); \$23.00 (fingerstick) per employee participant*
• Osteoporosis (bone density test)- paid by participant	\$30.00 per employee participant*	\$30.00 per employee participant*	\$30.00 per employee participant*

* *Employee Participant* refers to an insurance-eligible State employee who voluntarily participates in one of the services delivered through the program (as listed above).

** *Eligible Employee (employee)* refers to an insurance-eligible State employee, who: 1) is regularly scheduled to work not less than thirty (30) hours per week; or 2) is a seasonal or part-time employee with 24 months of service, and is certified by an appointing authority to work at least 1,450 hours per fiscal year.

NOTE: The Contractor agrees that spouses of employees shall be eligible for participation in any of the three options for Item A above (Health Risk Assessments). The Contractor further agrees that it will NOT invoice the State for spousal participation, but will charge the spouse directly, by whatever means it deems appropriate, the same amount it would charge to the State for such service (as detailed above). Spouses are not eligible to participate in High Risk Interventions. Dependents of employees, other than spouses, are not eligible for participation in HRA screenings and High Risk Interventions.

During contract negotiations with the successful vendor, or after the contract has been executed, the State may choose not to implement those services defined under Section A.1.5 Internet-based Health Risk Assessment (HRA) of the Pro forma Contract as part of the State Wellness Health Promotion Program.

The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for completed units of service or project milestones for the amount stipulated.

- (2) For service performed from January 1, 2010, through December 31, 2010, the Contractor shall be compensated based upon the payment rates in Section C.3.b.(1) above but adjusted by the percentage increase, if any, between the Consumer Price


Index for All Urban Consumers (CPI-U): U.S. city average, ALL ITEMS expenditure category, not seasonally adjusted, index base period: 1982-84=100) published by the United States Department of Labor, Bureau of Labor Statistics in December 2009 and that figure published in the same month, 12-months prior, up to a maximum of three and one-half percent (3.5%).

- (3) For service performed from January 1, 2011, through December 31, 2011, the Contractor shall be compensated based upon the payment rates in Section C.3.b.(2) above but adjusted by the percentage increase, if any, between the Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, ALL ITEMS expenditure category, not seasonally adjusted, index base period: 1982-84=100) published by the United States Department of Labor, Bureau of Labor Statistics in December 2010 and that figure published in the same month, 12-months prior, up to a maximum of three and one-half percent (3.5%).

The revisions set forth herein shall be effective September 1, 2007. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF:

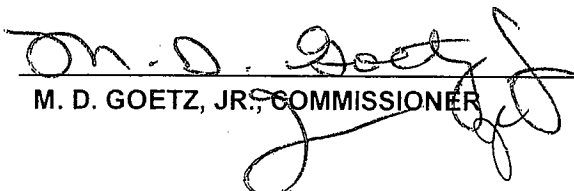
HEALTHWAYS HEALTHTRENDS, INC., d.b.a. HARRIS HEALTHTRENDS


CONTRACTOR SIGNATURE

9-21-07
DATE

Ben R. Leadley, Jr. President and CEO
PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY

DEPARTMENT OF FINANCE AND ADMINISTRATION:


M. D. GOETZ, JR., COMMISSIONER

10-4-07
DATE

APPROVED:


M. D. GOETZ, JR., COMMISSIONER
DEPARTMENT OF FINANCE AND ADMINISTRATION

OCT 26 2007
DATE


JOHN G. MORGAN, COMPTROLLER OF THE TREASURY

10/29/07
DATE

C O N T R A C T S U M M A R Y S H E E T

RFS #	Contract #
317.86-036	FA-07-17160-00
State Agency	State Agency Division
Finance & Administration	Insurance Administration
Contractor Name	Contractor ID # (FEIN or SSN)
Healthways HealthTrends, Inc.	<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 34-1561851

Service Description

Employee Wellness/Health Promotion program

Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
Jan. 1, 2007	Dec. 31, 2009	Vendor	

Mark, if Statement is TRUE

<input checked="" type="checkbox"/> Contractor is on STARS as required	<input checked="" type="checkbox"/> Contractor's Form W-9 is on file in Accounts as required
--	--

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
317.86	84	892	55		

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2007			\$250,000		\$250,000
2008			500,000		500,000
2009			500,000		500,000
2010			250,000		250,000
TOTAL:			\$1,500,000		\$1,500,000

COMPLETE FOR AMENDMENTS ONLY State Agency Fiscal Contact & Telephone #

FY	Base Contract & Prior Amendments	THIS Amendment ONLY	John Anderson, Insurance Administration 13th Floor, Tennessee Tower 615-741-8642
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FY: State Agency Budget Officer Approval

FY: 

FY: **Funding Certification** (certification required by T.O.A. §9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)

FY: 

TOTAL:

End Date:

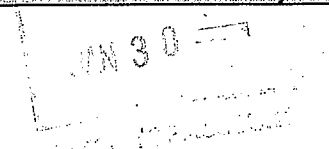
Contractor Ownership

<input type="checkbox"/> African American	<input type="checkbox"/> Disabled	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business	<input checked="" type="checkbox"/> NOT minority/disadvantaged
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input type="checkbox"/> OTHER minority/disadvantaged—	

Contractor Selection Method

<input checked="" type="checkbox"/> RFP	<input type="checkbox"/> Competitive Negotiation	<input type="checkbox"/> Alternative Competitive Method
<input type="checkbox"/> Non-Competitive Negotiation	<input type="checkbox"/> Government	<input type="checkbox"/> Other

Procurement Process Summary



**CONTRACT
BETWEEN THE STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE
AND
HEALTHWAYS HEALTHTRENDS, INC., d.b.a. HARRIS HEALTHTRENDS**

This Contract, by and between the State of Tennessee, State Insurance Committee, hereinafter referred to as the "State" and Healthways HealthTrends, Inc., d.b.a. Harris HealthTrends, hereinafter referred to as the "Contractor," is for the provision of a statewide Employee Wellness/Health Promotion program, as further defined in the "SCOPE OF SERVICES."

The Contractor is a for profit corporation. The Contractor's address is:

Healthways HealthTrends, Inc., d.b.a. Harris HealthTrends
6629 W. Central Avenue
Toledo, OH 43617

The Contractor's place of incorporation or organization is Ohio.

The Contractor's Federal Employee Tax Identification Number is **34-1561851**.

A SCOPE OF SERVICES

A.1 SCOPE OF SERVICES: CONTRACTOR

The Contractor shall assist in the delivery of a State-sponsored Employee Wellness/Health Promotion program to eligible State employees, hereinafter referred to as *Eligible Employees*, and their *Spouses*, who elect to participate in the Wellness/Health Promotion Program, in accordance with this contract.

For the purpose of this contract, the following eligibility definitions shall apply:

- *Employee Participant* refers to an insurance-eligible State employee who voluntarily participates in one of the services delivered through the program, as herein described.
- *Eligible Employee (employee)* refers to an insurance-eligible State employee, who: 1) is regularly scheduled to work not less than thirty (30) hours per week; or 2) is a seasonal or part-time employee with 24 months of service, and is certified by an appointing authority to work at least 1,450 hours per fiscal year.
- *Spouse* refers to the spouse of an insurance-eligible State employee. Spouses are eligible to participate in HRA screenings, but are responsible for the cost of delivery of the service. The Contractor shall collect payment directly from spouses. **Spouses are not eligible to participate in High Risk Interventions.**

NOTE: Other dependents of employees are not eligible for participation in Health Risk Assessment screenings and High Risk Interventions.

More specifically, the Contractor shall deliver an Employee Wellness Program that shall consist of an annual work program – to be determined by the State and the Contractor – that outlines the type, quantity, and estimated cost of services. The Wellness Program shall consist of the following components:

A.1.1 Account Management: The Contractor shall assign an individual with previous wellness program experience, as Account Executive, and primary point of contact to the State. The Account Executive's responsibilities shall include, but are not limited to, the following:

- program implementation;
- day to day management of the Contractor's activities to meet its obligations under this contract;
- general support of all components of the Employee Wellness Program;
- reporting of program successes, problems, and results to the State; and
- responding to requests from the State.

A.1.2 Customer Service/Toll Free Health Information Line: The Contractor shall provide a toll free health information phone line, for use by State members. This information line will provide access to qualified health educators, through whom the following services (at a minimum) will be available: dissemination of health information, referrals to appropriate resources, Health Risk Assessments (HRAs), screening registration, assistance with HRA completion and interpretation, and high risk interventions.

A.1.3 Management Information System: The Contractor shall maintain a Management Information System, for the management of program participant registration and tracking of participants.

A.1.3.1 Utilizing its Management Information System, and the eligibility data file(s) to be provided by the State, the Contractor shall confirm participant eligibility for program services.

A.1.4 Onsite Health Screenings

A.1.4.1 The Contractor shall deliver statewide, 30-40 onsite Health Screenings annually. Screenings shall include the following components:

- a. Measures of Lipid profile (total cholesterol, HDL, LDL triglycerides and glucose) either by venipuncture or Cholestek methods, blood pressure, height, weight and onsite counseling.
- b. Health Risk Assessments (HRAs) shall be mailed directly to enrolled participants' homes no later than two (2) weeks prior to the screening date.
- c. Optional PSA and Osteoporosis screenings, which shall be available at a reduced rate. Employees choosing these screenings will be required to pay 100% of the cost of these services at the time of the screening.

A.1.5 Internet-based Health Risk Assessment (HRA)

A.1.5.1 The Contractor shall provide access to a secure internet-based online health promotion and wellness platform that provides/includes each of the following:

- a) Health Risk Assessment (HRA), as described and required under Section A.1.6.1, with individualized comprehensive reports to participating employees;
- b) the State of Tennessee Wellness Program logo and a link to the State's Wellness Program website;
- c) Co-branding with applicable State health promotion and wellness program information; and
- d) Referral to phone based High Risk Life Style Intervention Program as necessary.
- e) For HRAs completed online by a participant, feedback shall be made available online as well: and
- f) Provide confidential individual feedback to all participants who complete the HRA, to be transmitted by a secure (password protected) internet connection.

A.1.5.2 The Contractor shall provide marketing assistance to help promote the online platform and to maximize participation.

A.1.6 Health Risk Assessment (HRA) tool

A.1.6.1 The Contractor shall provide a single, consistent Health Risk Assessment (HRA) tool that meets each of the following requirements:

- a. The HRA is available to all State employees who wish to participate (limited to once per year), by home mail delivery or at onsite health screening locations
- b. The HRA shall measure, at a minimum, the following lifestyle identifiers:
 - Weight Management
 - Nutrition
 - Blood Pressure
 - Exercise
 - Stress
 - Cholesterol
 - Tobacco use
 - PSA and Osteoporosis values
- c. For on-site HRA administration, the Contractor's responsibilities shall include:
 - Participant registration, notification and HRA delivery;

- Participant and site coordinator satisfaction surveys;
- HRA assessment;
- Biometric measures, to include:
 - a. Total Cholesterol, HDL, and LDL;
 - b. Glucose;
 - c. Triglyceride, and
 - d. PSA and osteoporosis (optional tests, with cost borne by the participants)

A.1.6.2 Feedback shall be provided to participants in the following methods:

- a. Counseling feedback on-site: Screening and biometric measures and
- b. Written and mailed to participants' home addresses: HRA feedback and PSA measures.

The State's cost to be charged by the Contractor – as determined by the distribution option selected – shall be according to the rate schedule contained in Section C.3.

A.1.6.3 The Contractor's responsibilities for Home Mailed HRA administration shall consist of the following components/services:

- a. Home-mailed HRA assessment with prepaid return mailer; and
- b. HRA feedback packet, distributed by mailing to participants' home addresses.

A.1.6.4 The Contractor shall evaluate the results of all screenings and HRAs and provide to the State semi-annual reports of participants' health risks.

A.1.7 High Risk Lifestyle Intervention Program

A.1.7.1 The Contractor shall provide a High Risk Lifestyle Intervention Program that meets each of the following requirements:

- a. The program shall be available via telephone-based access
- b. At a minimum, the program shall intervene with those individuals identified by the HRA as in need of information and assistance with: smoking cessation, weight management, exercise, nutrition, cholesterol, blood pressure and stress management.
- c. Individuals will be eligible for the Intervention Program:
 - if they are smokers; or
 - if they have two or more risk factors among the following measures: weight management, poor nutrition, high blood pressure, lack of exercise, stress, high cholesterol
- d. Individuals identified as eligible for the Intervention Program and who have expressed a readiness to change, will be referred to a High Risk Lifestyle Intervention Program.
- e. Individuals identified as eligible for the High Risk Intervention Program and who have not expressed a readiness to change, will be sent materials applicable to their primary risk factor(s)
- f. Individuals identified, as having a chronic disease not adequately managed will be referred to the applicable State-contracted insurance administrator's Disease Management program.
- g. When applicable, the Contractor shall cooperate in facilitating referrals from the Disease Management programs to the Lifestyle Intervention Program.
- h. The Contractor shall administer a post-intervention HRA, to measure change, for individuals completing High Risk Lifestyle programs.

A.1.8 Communication

A.1.8.1 The Contractor shall provide a toll free health information phone line available (at a minimum) from 8:00 am to 8:00 pm Central time for use by eligible State employees. This Health Information Line will provide access to qualified health educators, through whom the following services (at a minimum) will be available:

- Dissemination of health information;
- Scheduling of appointments for onsite screenings;
- Assistance with HRA completion and interpretation;
- Answer member questions; and
- Deliver high risk lifestyle intervention calls.

A.1.8.2 The Contractor shall develop and deliver site coordinator training sessions prior to each sequence of scheduled HRA sessions, to a total of no more than two audiences per year.

A.1.9 Program Reporting

A.1.9.1 Program Evaluation Reporting (with demonstration of Cost Savings): The Contractor shall submit to the State, according to the frequencies indicated, and by the 45th day following the end of the applicable reporting period(s), reports detailing:

Reports	Frequency
Onsite Health Screenings, detailing: <ul style="list-style-type: none">• Participation data	Monthly
HRA management reports, detailing all of the following irrespective of how the HRA was accessed (online, home mailed, onsite): <ul style="list-style-type: none">• Participation data• Aggregate data (management reports)• Outcome studies measuring the cost saving benefit of the High Risk Intervention Program (T1-T2 analysis)	Semi-annually Annually Annually
High Risk Intervention program, detailing: <ul style="list-style-type: none">• Participation data• Completion rates• Goal attainment rates• Management reports, analyzing the impact of the HRA and the High Risk Interventions, determined by pre- and post-HRA data	Semi-annually Semi-annually Semi-annually Annually
Cost analysis of the impact of overall wellness program on the health behaviors of state employees.	Annually
Program satisfaction rates, measuring each of the following program components individually: Screenings; Internet based Health Promotion Platform; Health Risk Assessments; and High Risk Interventions.	Quarterly

A.1.9.2 The Contractor agrees that it will, within 45 days of a request by the State, and/or termination of this contract, provide health risk assessment and intervention data and/or records to a third party vendor, or subsequent wellness program Contractor, designated by the State. The Contractor and the State agree to take the necessary and legally mandated precautions to assure that all State and program participant records remain confidential.

A.1.9.3 The State and the Contractor agree that the Contractor, in delivery of data/records to a third party vendor or subsequent wellness program vendor (Section A.1.9.2 above), may retain those data for research purposes only, and that commercial use by the Contractor is prohibited.

A.2 Scope of Services: State

A.2.1 Seminars and Workshops: The State shall develop seminars, to be scheduled for presentation at locations across the State. These seminars are targeted to address health risks identified through HRA and screening programs, as well as health insurance data.

A.2.2 Newsletter: The newsletter shall provide to employees across the State news of upcoming seminars, programs and screenings offered by the State Employee Wellness Program and the Employee Assistance Program, in addition to other information the State deems appropriate. The newsletter shall be distributed in payroll envelopes, at the State's expense, unless an alternative method is established by the State.

A.2.3 Employee Health Screenings: The State's Wellness Program management staff shall provide the coordination of site location scheduling, assignment of site coordinators, and promotional materials.

A.2.4 Payroll Insert promotion: The State shall produce and distribute payroll inserts, to promote the program.

- A.2.5 The State shall supply to the Contractor, on a schedule designated by the State, an electronic data file, in a format designated by the State, containing such data as is necessary for the Contractor to confirm participant eligibility for program services (as required under contract Section A.1.3.1).

B CONTRACT TERM:

- B.1 Contract Term. This Contract shall be effective for the period commencing on January 1, 2007 and ending on December 31, 2009. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.
- B.2 Term Extension. The State reserves the right to extend this Contract for an additional period or periods of time representing increments of no more than one year and a total contract term of no more than five (5) years, provided that the State notifies the Contractor in writing of its intention to do so at least Two Hundred Seventy (270) days prior to the contract expiration date. An extension of the term of this Contract will be effected through an amendment to the Contract. If the extension of the Contract necessitates additional funding beyond that which was included in the original Contract, the increase in the State's maximum liability will also be effected through an amendment to the Contract and shall be based upon rates provided for in the original contract.

C PAYMENT TERMS AND CONDITIONS:

- C.1 Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed One Million Five Hundred Thousand Dollars (\$1,500,000.00). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Service Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

- C.2 Compensation Firm. The Service Rates and the Maximum Liability of the State under this Contract are firm for the duration of the Contract and are not subject to escalation for any reason unless amended.
- C.3 Payment Methodology. The Contractor shall be compensated based on the Service Rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. The Contractor's compensation shall be contingent upon the satisfactory completion of units of service or project milestones defined in Section A. The Contractor shall be compensated based upon the following Service Rates:

SERVICE	2007 CY rate	2008 CY rate	2009 CY rate
A. Health Risk Assessments (HRA):			
Option 1: <ul style="list-style-type: none"> On Line Web Based Health Risk Assessment (HRA) and Feed Back at State's option (See Note). Employee only 	Total Annual \$115,672	Total Annual \$115,672	Total Annual \$115,672
Option 2 <ul style="list-style-type: none"> Home mailed HRA (2-3 weeks prior to the screening date) Contractor to complete biometric measures at the screening Comprehensive home mailed HRA results packet 	\$9.00 per employee participant*	\$9.00 per employee participant*	\$9.00 per employee participant*

SERVICE	2007 CY rate	2008 CY rate	2009 CY rate
Option 3: Home mail which include: <ul style="list-style-type: none"> Home mailed HRA with self reported Biometrics Prepaid mailing envelope for HRA to be returned to the Contractor Home mailed HRA results packet 	\$10.75 per employee participant*	\$10.75 per employee participant*	\$10.75 per employee participant*
B. On Site Screenings:			
Option 1: Onsite Screenings which include: <ul style="list-style-type: none"> Pre-registration, and appointment confirmation Biometric measures with Cholestek finger stick Hard copy feedback (counseling) for Biometric measures (PSA measures home-mailed). 	\$69.37 per employee participant*	\$69.37 per employee participant*	\$69.37 per employee participant*
Option 2: Onsite Screenings which include: <ul style="list-style-type: none"> Pre-registration, and appointment confirmation Biometric measures with venipuncture Hard copy feedback (counseling) for biometric measure 	\$67.39 per employee participant*	\$67.39 per employee participant*	\$67.39 per employee participant*
C. High Risk Intervention:			
Telephonic <ul style="list-style-type: none"> To include invitation to the program A minimum of 6 intervention calls 	\$110.50 per employee participant*	\$110.50 per employee participant*	\$110.50 per employee participant*
Targeted Mailing <ul style="list-style-type: none"> To provide health information on a relevant risk factor with an invitation to contact the toll free number for additional information. 	\$5.70 per employee participant*	\$5.70 per employee participant*	\$5.70 per employee participant*
D. Toll Free Telephone Access: <ul style="list-style-type: none"> To provide employees and participants with consultation/intervention/and screening registration 	\$0.04 per employee**/month	\$0.04 per employee**/month	\$0.04 per employee**/month
E. Program Management and Administration	\$0.00 per employee**/ month	\$0.00 per employee**/ month	\$0.00 per employee**/ month
F. Optional Procedures: <ul style="list-style-type: none"> PSA Test – paid by participant 	\$22.00 (venipuncture); \$23.00 (fingerstick) per employee participant*	\$22.00 (venipuncture); \$23.00 (fingerstick) per employee participant*	\$22.00 (venipuncture); \$23.00 (fingerstick) per employee participant*
<ul style="list-style-type: none"> Osteoporosis (bone density test)- paid by participant 	\$30.00 per employee participant*	\$30.00 per employee participant*	\$30.00 per employee participant*

* *Employee Participant* refers to an insurance-eligible State employee who voluntarily participates in one of the services delivered through the program (as listed above).

** *Eligible Employee (employee)* refers to an insurance-eligible State employee, who: 1) is regularly scheduled to work not less than thirty (30) hours per week; or 2) is a seasonal or part-time employee with 24 months of service, and is certified by an appointing authority to work at least 1,450 hours per fiscal year.

NOTE: The Contractor agrees that spouses of employees shall be eligible for participation in any of the three options for item A above (Health Risk Assessments). The Contractor further agrees that it will NOT invoice the State for spousal participation, but will charge the spouse directly, by whatever means it deems appropriate, the same amount it would charge to the State for such service (as detailed above). Spouses are not eligible to participate in High Risk Interventions. Dependents of employees, other than spouses, are not eligible for participation in HRA screenings and High Risk Interventions.

During contract negotiations with the successful vendor, or after the contract has been executed, the State may choose not to implement those services defined under Section A.1.5 Internet-based Health

Risk Assessment (HRA) of the Pro forma Contract as part of the State Wellness Health Promotion Program.

The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for completed units of service or project milestones for the amount stipulated.

- C.3.1 If this Contract is extended pursuant to Section B.2., the following shall apply. For services performed from January 1, 2010, through December 31, 2010, the Contractor shall be compensated based upon the Service Rates fixed in Section C.3, above but adjusted by the percentage increase, if any, between the Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, All Items expenditure category, not seasonally adjusted, index base period: 1982-84=100) published by the United States Department of Labor, Bureau of Labor Statistics (or its successor index) in December 2009 and that figure published in the same month, 12-months prior, up to a maximum of three and one-half percent (3.5 %).
- C.3.2 If this Contract is extended a second time pursuant to Section B.2., the following shall apply. For services performed from January 1, 2011, through December 31, 2011, the Contractor shall be compensated based upon the Service Rates fixed in Section C.3, above but adjusted by the percentage increase, if any, between the Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, All Items expenditure category, not seasonally adjusted, index base period: 1982-84=100) published by the United States Department of Labor, Bureau of Labor Statistics (or its successor index) in December 2009 and that figure published in the same month, 12-months prior, up to a maximum of three and one-half percent (3.5 %).
- C.4 Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.
- C.5 Payment of Invoice. The payment of the invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.
- C.6 Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this contract, not to constitute proper remuneration for compensable services.
- C.7 Deductions. The State reserves the right to deduct from amounts which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee any amounts which are or shall become due and payable to the State of Tennessee by the Contractor.
- C.8 Automatic Deposits. The Contractor shall complete and sign an "Authorization Agreement for Automatic Deposit (ACH Credits) Form." This form shall be provided to the Contractor by the State. Once this form has been completed and submitted to the State by the Contractor all payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee shall be made by Automated Clearing House (ACH). The Contractor shall not invoice the State for services until the Contractor has completed this form and submitted it to the State.

D STANDARD TERMS AND CONDITIONS:

- D.1 Required Approvals. The State is not bound by this Contract until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.
- D.2 Modification and Amendment. This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.

- D.3 Termination for Convenience. The Contract may be terminated by either party, with the following notification requirements: the Contractor shall give written notice to the State at least Two Hundred Seventy (270) days before the effective date of termination; the State shall give written notice to the Contractor at least Ninety (90) days before the effective date of termination.

Should the State exercise this provision, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Should the Contractor exercise this provision, the State shall have no liability to the Contractor except for service which can be effectively used by the State. The final decision as to what these services are, shall be determined by the State. In the event of disagreement, the Contractor may file a claim with the Tennessee Claims Commission in order to seek redress.

- D.4 Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.
- D.5 Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, they shall contain, at a minimum, sections of this Contract pertaining to "Conflicts of Interest" and "Nondiscrimination" (sections D.6. and D.7.). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.
- D.6 Conflicts of Interest. The Contractor warrants that no part of the total Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.
- D.7 Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.8 Records. The Contractor shall maintain documentation for all charges against the State under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this contract, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.9 Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.
- D.10 Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.11 Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.

D.12 Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

The Contractor, being an independent contractor and not an employee of the State, agrees to carry adequate public liability and other appropriate forms of insurance, including adequate public liability and other appropriate forms of insurance on the Contractor's employees, and to pay all applicable taxes incident to this Contract.

D.13 State Liability. The State shall have no liability except as specifically provided in this Contract.

D.14 Force Majeure. The obligations of the parties to this contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.

D.15 State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.

D.16 Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Contractor agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Contractor acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under **Tennessee Code Annotated**, Sections 9-8-101 through 9-8-407.

D.17 Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.

D.18 Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.

D.19 Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

E SPECIAL TERMS AND CONDITIONS:

E.1 Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.

E.2 Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

The Contractor:

John Harris, Senior Executive Vice President
Healthways HealthTrends, Inc., d.b.a. Harris HealthTrends
6629 West Central Avenue
Toledo, Ohio 43617
Phone: 419-885-5100
Fax: 419-885-2942

Email: jharris@hhtinc.com

The State:

Marlene Alvarez, RFP Coordinator
Tennessee Department of Finance & Administration
Division of Insurance Administration
312 Eighth Avenue, North
26th Floor WRS Tennessee Tower
Nashville, TN 37243-0295
Phone: 615-253-8358
Fax: 615-253-8556
Email: marlene.alvarez@state.tn.us

All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the day of delivery; as of the date specified for overnight courier service delivery; as of three (3) business days after the date of mailing; or on the day the facsimile transmission is received mechanically by the telefax machine at the receiving location and receipt is verbally confirmed by the sender if prior to 4:30 p.m. CST. Any communication by facsimile transmission shall also be sent by United States mail on the same date of the facsimile transmission.

E.3 **Subject to Funds Availability.** The Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Contract upon written notice to the Contractor. Said termination shall not be deemed a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. Should such an event occur, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

E.4 **Breach.** A party shall be deemed to have breached the Contract if any of the following occurs:
— failure to perform in accordance with any term or provision of the Contract;
— partial performance of any term or provision of the Contract;
— any act prohibited or restricted by the Contract, or
— violation of any warranty.

For purposes of this contract, these items shall hereinafter be referred to as a "Breach."

a. **Contractor Breach—** The State shall notify Contractor in writing of a Breach.

(1) In event of a Breach by Contractor, the State shall have available the remedy of Actual Damages and any other remedy available at law or equity.

(2) **Partial Default—** In the event of a Breach, the State may declare a Partial Default. In which case, the State shall provide the Contractor written notice of: (1) the date which Contractor shall terminate providing the service associated with the Breach; and (2) the date the State will begin to provide the service associated with the Breach. Notwithstanding the foregoing, the State may revise the time periods contained in the notice written to the Contractor.

In the event the State declares a Partial Default, the State may withhold, together with any other damages associated with the Breach, from the amounts due the Contractor the greater of: (1) amounts which would be paid the Contractor to provide the defaulted service; or (2) the cost to the State of providing the defaulted service, whether said service is provided by the State or a third party. To determine the amount the Contractor is being paid for any particular service, the Department shall be entitled to receive within five (5) days any requested material from Contractor. The State shall make the final and binding determination of said amount.

The State may assess Liquidated Damages against the Contractor for any failure to perform which ultimately results in a Partial Default with said Liquidated Damages to cease when said

Partial Default is effective. Upon Partial Default, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount. Contractor agrees to cooperate fully with the State in the event a Partial Default is taken.

3. Contract Termination— In the event of a Breach, the State may terminate the Contract immediately or in stages. The Contractor shall be notified of the termination in writing by the State. Said notice shall hereinafter be referred to as Termination Notice. The Termination Notice may specify either that the termination is to be effective immediately, on a date certain in the future, or that the Contractor shall cease operations under this Contract in stages. In the event of a termination, the State may withhold any amounts which may be due Contractor without waiver of any other remedy or damages available to the State at law or at equity. The Contractor shall be liable to the State for any and all damages incurred by the State and any and all expenses incurred by the State which exceed the amount the State would have paid Contractor under this Contract. Contractor agrees to cooperate with the State in the event of a Contract Termination or Partial Takeover.

b. State Breach— In the event of a Breach of contract by the State, the Contractor shall notify the State in writing within 30 days of any Breach of contract by the State. Said notice shall contain a description of the Breach. Failure by the Contractor to provide said written notice shall operate as an absolute waiver by the Contractor of the State's Breach. In no event shall any Breach on the part of the State excuse the Contractor from full performance under this Contract. In the event of Breach by the State, the Contractor may avail itself of any remedy at law in the forum with appropriate jurisdiction; provided, however, failure by the Contractor to give the State written notice and opportunity to cure as described herein operates as a waiver of the State's Breach. Failure by the Contractor to file a claim before the appropriate forum in Tennessee with jurisdiction to hear such claim within one (1) year of the written notice of Breach shall operate as a waiver of said claim in its entirety. It is agreed by the parties this provision establishes a contractual period of limitations for any claim brought by the Contractor.

E.5 Partial Takeover. The State may, at its convenience and without cause, exercise a partial takeover of any service which the Contractor is obligated to perform under this Contract, including but not limited to any service which is the subject of a subcontract between Contractor and a third party, although the Contractor is not in Breach (hereinafter referred to as "Partial Takeover"). Said Partial Takeover shall not be deemed a Breach of Contract by the State. Contractor shall be given at least 30 days prior written notice of said Partial Takeover with said notice to specify the area(s) of service the State will assume and the date of said assumption. Any Partial Takeover by the State shall not alter in any way Contractor's other obligations under this Contract. The State may withhold from amounts due the Contractor the amount the Contractor would have been paid to deliver the service as determined by the State. The amounts shall be withheld effective as of the date the State assumes the service. Upon Partial Takeover, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

E.6 Incorporation of Additional Documents. Included in this Contract by reference are the following documents:

- a. This Contract document and its attachments
- b. All Clarifications and addenda made to the Contractor's Proposal
- c. Request for Proposal #317.86-036 and its associated amendments
- d. Technical Specifications provided to the Contractor
- e. The Contractor's Proposal submitted in response to RFP #317.86-038

In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these documents shall govern in order of precedence detailed above.

E.7 Confidentiality of Records. Strict standards of confidentiality of records shall be maintained in accordance with the law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State shall be regarded as confidential information in accordance with the provisions of State law and ethical standards and shall not be disclosed, and all necessary steps shall be taken by the Contractor to

safeguard the confidentiality of such material or information in conformance with State law and ethical standards.

The Contractor will be deemed to have satisfied its obligations under this section by exercising the same level of care to preserve the confidentiality of the State's information as the Contractor exercises to protect its own confidential information so long as such standard of care does not violate the applicable provisions of the first paragraph of this section.

The Contractor's obligations under this section do not apply to information in the public domain; entering the public domain but not from a breach by the Contractor of this Contract; previously possessed by the Contractor without written obligations to the State to protect it; acquired by the Contractor without written restrictions against disclosure from a third party which, to the Contractor's knowledge, is free to disclose the information; independently developed by the Contractor without the use of the State's information; or, disclosed by the State to others without restrictions against disclosure.

It is expressly understood and agreed the obligations set forth in this section shall survive the termination of this Contract.

E.8 HIPAA Compliance. The State and the (Contractor) shall comply with obligations under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and its accompanying regulations.

- a. The (Contractor) warrants to the State that it is familiar with the requirements of HIPAA and its accompanying regulations, and will comply with all applicable HIPAA requirements in the course of this contract.
- b. The (Contractor) warrants that it will cooperate with the State, including cooperation and coordination with State privacy officials and other compliance officers required by HIPAA and its regulations, in the course of performance of the contract so that both parties will be in compliance with HIPAA.
- c. The State and the (Contractor) will sign documents, including but not limited to business associate agreements, as required by HIPAA and that are reasonably necessary to keep the State and the (Contractor) in compliance with HIPAA. This provision shall not apply if information received by the State under this contract is NOT "protected health information" as defined by HIPAA, or if HIPAA permits the State to receive such information without entering into a business associate agreement or signing another such document.

E.9 Tennessee Consolidated Retirement System. The Contractor acknowledges and understands that, subject to statutory exceptions contained in ***Tennessee Code Annotated***, Section 8-36-801, *et. seq.*, the law governing the Tennessee Consolidated Retirement System, provides that if a retired member returns to State employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of "employee/employer" and not that of an independent contractor, the Contractor may be required to repay to the Tennessee Consolidated Retirement System the amount of retirement benefits the Contractor received from the Retirement System during the period of this Contract.

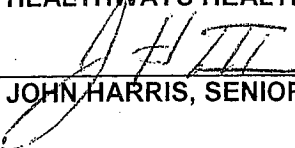
E.10 Debarment and Suspension. The Contractor certifies, to the best of its knowledge and belief, that it and its principals:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal or State department or agency;
- b. have not within a three (3) year period preceding this Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or Local) transaction or grant under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;

- c. are not presently indicted for or otherwise criminally or civilly charged by a government entity (Federal, State, or Local) with commission of any of the offenses detailed in section b. of this certification; and
- d. have not within a three (3) year period preceding this Contract had one or more public transactions (Federal, State, or Local) terminated for cause or default.

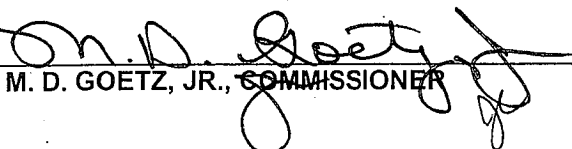
IN WITNESS WHEREOF:

HEALTHWAYS HEALTHTRENDS, INC., d.b.a. HARRIS HEALTHTRENDS


JOHN HARRIS, SENIOR EXECUTIVE VICE PRESIDENT

12/20/06
DATE

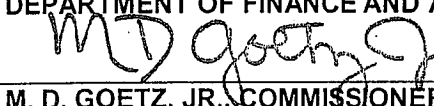
STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE:


M. D. GOETZ, JR., COMMISSIONER

1-7-06
DATE

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:


M. D. GOETZ, JR., COMMISSIONER

JAN 22 2007
DATE

COMPTROLLER OF THE TREASURY:


JOHN G. MORGAN, COMPTROLLER OF THE TREASURY

1-29-07
DATE